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SUBJECT: SCENESETTER FOR LIEUTENANT GENERAL LEAF

Classified By: Ambassador Ralph L. Boyce, reasons 1.4 (b) and (d).

¶1. (C) Summary. General Leaf, your visit to Thailand will afford you a chance to see the importance of Thailand to our regional security interests. You will also have an opportunity to underscore the United States Government's desire that Thailand return to democratically elected government through free and fair elections on December 23. End Summary.

THE POLITICAL SITUATION

¶2. (C) Much of the Thai middle class greeted with relief the September 19, 2006, coup d'etat that removed former Prime Minister Thaksin Shinawatra and ushered in the civilian administration appointed by the military-led Council for National Security (CNS). Anticipation of a new political climate has been replaced, however, by the realization that the CNS and the Cabinet have been unable to bring about political reconciliation. The government has been criticized for failing to prove corruption by Thaksin, for the stagnant economy, and for the continuing violence in the South.

¶3. (U) Thailand will conduct a national legislative election on December 23, based on a new constitution approved by the Thai public in an August 19 referendum. Elections for the Senate will take place early next year. The new charter differs from the 1997 version by, among other aspects: creating term limits for the Prime Minister; establishing a partially-appointed/partially-elected Senate; and creating multi-member electoral districts and regional party lists for the House of Representatives.

¶4. (C) While it is still early in the political campaign season many political analysts are predicting the election will produce a weak coalition government that would represent a return to pre-Thaksin Thai-style politics, when it was difficult to implement bold policies. Even though the Constitutional Tribunal dissolved Thaksin's Thai Rak Thai (TRT) party in May, following credible allegations of undemocratic acts committed during 2006 national elections, many former members of TRT will participate in the election under the banner of the People's Power Party (PPP) and the Motherland Party. PPP is likely to garner significant support in the North and Northeast and recent poll results generally confirm the view that the party will win a plurality but not a majority of the seats in the new parliament.

¶5. (C) The CNS made no secret of wanting to "educate" the public about the problems Thaksin brought upon Thailand, and

there were reports that the Army sent soldiers to the countryside to warn the public that PPP would bring corruption and abuses of power back to the country. Contacts in provincial areas have not been able to confirm the presence of troops in villages, however.

THE BILATERAL RELATIONSHIP

16. (C) Prior to the coup, bilateral relations with Thailand were very good and we are optimistic that this will be the case after a new government is in place. The goodwill generated by America's quick and massive response to the December 26, 2004 tsunami was palpable. Thailand is a Treaty Ally, has been firmly supportive of the International War on Terror, and has participated in Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). American businesses have over \$20 billion in direct investment in Thailand. The United States is Thailand's largest export market and its second-largest foreign investor.

17. (C) Responding to the recent crackdown in Burma by the authorities, Thai Prime Minister Surayud Chulanont used his appearance at the UN General Assembly to criticize publicly the Burmese regime's actions in a manner that we viewed as constructive. This was consistent with the strong statement made by ASEAN. In general, however, the Thai bureaucracy, and especially the military, fears instability in Burma will spill over across Thailand's border. Thailand relies on Burma for energy imports as well. These factors incline Thailand to want to preserve the status quo. We believe it will be necessary to keep pushing the RTG to ensure it remains energized on Burma and does not allow other commercial ties or concepts of ASEAN solidarity to weaken the stance Surayud took at the UNGA.

THE OVERALL SECURITY RELATIONSHIP

18. (C) The U.S.-Thai security relationship is based on over 50 years of close cooperation. Thai soldiers, sailors and airmen participated in the Korean and Vietnamese conflicts and Thai peacekeepers served in Afghanistan and Iraq. Prior to coup sanctions, Thailand was the fourth largest participant in the U.S. International Military Education and Training (IMET) program. Thailand's willingness to allow the United States to use Utapao Naval Air Station as the hub for our regional tsunami assistance program was key to making Operation Unified Assistance a success. In fact, PACOM has designated Utapao as the most important Cooperative Security Location (CSL) in the Asia Pacific Region. While we avoid using the term "CSL" with the Thai due to their sensitivities about bases, Utapao remains vital to our interests in the region. In your meetings with Thai military officials, you will want to note our desire to return to a more healthy military-military relationship once a democratically elected government is in place.

COUNTERTERRORISM AND SOUTHERN THAILAND

19. (C) Thailand's biggest domestic challenge is the unsettled security situation in the far southern part of the country. Southern Thailand, in particular the southernmost Muslim majority provinces of Pattani, Yala, and Narathiwat, has experienced episodic violence since it was incorporated into the Siamese Kingdom in 1902. Since January 2004, we have witnessed a dramatic increase in the level of violence. Press reports indicate that over 2,000 persons have been killed either by militants or by security forces during this period. Local Muslim separatist militants have attacked symbols of Thai and Buddhist authority, civilians, and local citizens suspected of collaborating with the Government. Thaksin was sharply criticized for not having an effective policy to curb violence in the South. Despite initial optimism for Prime Minister Surayud's reconciliation plans for the South, the new government has not demonstrated a markedly improved ability to counter the unrest.

¶10. (C) Southern separatists direct their anger at the government in Bangkok, not at the United States. Since a U.S. presence or perception of U.S. involvement in the South could redirect that anger towards us and link it to the international jihadist movement -- a link that is currently absent -- we ensure that any offers of assistance or training pass the "location and label" test. Put simply, we keep U.S. military personnel away from the far South and we make sure that we do not label any assistance or training as directly linked to the southern situation. Likewise, we work to avoid feeding rampant, outlandish speculation that we are somehow fomenting the violence in the South in order to justify building permanent bases -- a very sensitive issue in Thailand. We do not want to jeopardize our access to key military facilities in Thailand like Utapao Naval Air Station.

¶11. (C) Although some of our tools to work with the Thai military on Southern issues have been affected by coup sanctions, the Embassy maintains a three-pronged focus to improve our military cooperation in order to address the violence in the South:

- 1) Using our exercise and training program to improve the professional and operational skills of the Royal Thai Armed Forces, especially the Thai Army;
- 2) Help the Thai break down stovepipes between the Thai military, police forces, and civilian agencies;
- 3) Do everything we can to ensure the Thai respect international human rights norms as they counter the violence.

MILITARY EXERCISE PROGRAM -----

¶12. (C) Thailand gives the U.S. military a platform for exercises unique in Asia. Thailand offers the United States military good base infrastructure, large areas in which our aircraft and ground forces can conduct unrestricted operations and access to bombing ranges -- all in short supply in Asia. Located near strategic maritime choke points and having good liberty ports, Thailand also has the potential to play a greater role in U.S. Naval planning. Perhaps due to their lack of a colonial heritage, Thai leaders are far more willing to host multilateral exercises than are other countries in Asia. Unlike Japan, which only hosts annual bilateral exercises due to legal prohibitions over collective security, or Australia, which avoids multilateral exercises so as not to "dumb down" its own training opportunities, the Royal Thai Government supports multilateral exercises as a way to show regional leadership. This has allowed us to use our exercises in Thailand to further key U.S. objectives such as supporting Japan's growing military role in Asia and engaging the TNI. We are on track for the first multi-lateral FTX phase of the major JCS-directed COBRA GOLD exercise, in addition to CPX and UNPKF pieces.

THE ROLE OF CHINA AND INDIA IN THE REGION -----

¶13. (C) Southeast Asia continues to feel the rising influence of China and India. While emphasizing the vital role of the U.S. in the region -- and Thailand's desire to intensify U.S. engagement -- Thai leaders also focus on developing stronger relations with the two regional powers. Bangkok views both countries as sources of unlimited consumer demand and hopes to conclude Free Trade Agreements with both nations. The Thai military has a number of Chinese weapons systems in its arsenal. While Thai military links with the United States are deeper and far more apparent than Sino-Thai links, China's growing influence in Thailand and Southeast Asia is evident in business, the arts, the media and the military. The PLA Navy has close links with the RTN and recently conducted a major ship visit to Phuket. After jointly holding a limited naval exercise in the Andaman Sea in 2005, Thailand and China are exploring conducting joint SAR exercises. The RTN has acquired several ships from China over the past decade. China is refurbishing tanks and air defense equipment provided to Thailand in the late 1980's. Mil-to-mil

exchanges between China and Thailand have expanded in recent years as has the number of bilateral military VIP visits.

REGIONAL MARITIME SECURITY

¶14. (C) A key U.S. objective in the region is to improve maritime security. As part of an effort funded by Section 1206 of the National Defense Authorization Act of 2006, we worked closely with PACOM and sister Embassies in Manila, Kuala Lumpur, Jakarta and Colombo to develop a regional maritime security architecture to improve communications, domain awareness and intercept capabilities in the waters surrounding Southeast Asia. The Thai portion of the initiative, approved by Congress but suspended as part of coup sanctions, was a layered approach to assist the Thai military secure territorial waters while also providing coverage of the northern shipping lanes feeding into the Strait of Malacca. We hope to work closely with Thailand on maritime security when the democratically elected government takes office.

THE ROLE OF THE ARMY

¶15. (C) The Royal Thai Army (RTA) is a legacy force faced with serious modernization issues. The RTA is still primarily designed to defeat the large conventional threat that Vietnam represented in the mid-1980's. On paper, the RTA would seem to possess the capability to defeat a large conventional attack -- however, it is plagued by an almost universally low operational readiness (OR) rate. This problem is a systemic weakness based on insufficient sustainment of equipment as well as budget shortages since the 1997 financial crisis.

¶16. (C) Much of this decline in effectiveness is due to the budget constraints that were imposed from 1997-2001 after the Asian Financial Crisis. Since that time, budgets have increased slightly, but not to pre-1997 levels. Increasing the military budget shortfall has been a key focus of the interim government, allowing all the services to improve their capabilities. The increase in the military's budget, during a period of economic uncertainty, has been controversial and has resulted in RTA plans to purchase Ukrainian armored personnel carriers and Israeli rifles.

¶17. (C) While the RTA has a long history working with the U.S. Army, recently we have also been working with MARFORPAC and III MEF to improve links between the U.S Marine Corps and the RTA. In many ways, our Marines are perfect training partners for the RTA and field exercises in Thailand afford our Marines many opportunities they do not have elsewhere in Asia.

THE NAVAL RELATIONSHIP

¶18. (C) While our overall relationship with the Thai military is good, our links with the Royal Thai Navy (RTN) are not as strong as those with the Royal Thai Army or Air Force. The RTN is smaller than the other services and tends to be less willing to be open with U.S. counterparts. In the past, we have had a better relationship with the RTN and we were working to reverse the current trend through potential projects like the 1206 Andaman Sea Maritime Security Initiative. Prior to the coup, we worked with PACFLT and Seventh Fleet to increase the tempo of U.S. Navy ship visits.

U.S. aircraft carrier visits were well received by the RTN, received front page and prime time media coverage, and were successful opportunities to demonstrate the benefits of the U.S.-Thai security relationship. Recently, the Chinese have improved their ties to the RTN as mentioned above. Likewise, the RTN has been developing a closer relationship with the Indian Navy and has conducted some exercises with the Indians.

¶19. (C) In addition to supporting our annual Cooperation Afloat Readiness and Training (CARAT) exercise with Thailand,

JUSMAGTHAI has worked closely with RTN Special Warfare units to increase their capacity. USN SEALs have helped to provide their Thai counterparts with some impressive capabilities. For instance, Thai SEALs regularly conduct exercises aimed at protecting oil and gas platforms in the Gulf of Thailand. This NSW relationship was graphically demonstrated during the tsunami response when USN and RTN SEALs rapidly deployed to

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Phuket to assist in the recovery efforts. The Prime Minister was photographed in a recovery boat manned by the SEALs. Despite their improved professionalism, the Thai SEALs are not well-supported by senior RTN officials.

THE AIR FORCE RELATIONSHIP

¶20. (C) The annual COPE TIGER flight training exercise among the United States, Thailand and Singapore is scheduled for January 21 to February 8 in Thailand. COPE TIGER is the largest joint/combined air combat exercise in Thailand.

¶21. (C) The RTAF recently announced plans to buy SAAB Gripen planes to replace their F-5 aircraft. We are urging the Thai to proceed with a Mid-Life Update for existing F-16A/B planes or procure new F-16C/Ds for future fighter jet requirements for interoperability reasons.

WE LOOK FORWARD TO YOUR VISIT

¶22. (U) I look forward to meeting with you when you come to Bangkok and to sharing views on how best to promote our strategic interests in Thailand.
BOYCE